

**ST. TAMMANY PARISH
DEVELOPMENT DISTRICT**

Annual Financial Statements

December 31, 2013 and 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 06 2014

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Development District (the District), a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2013, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the St. Tammany Parish Development District as of and for the year ended December 31, 2012, were audited by other auditors whose report, dated February 12, 2013, was unmodified.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 7 and the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation paid to board members is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation paid to board members is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation paid to board members is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2014, on our consideration of the St. Tammany Parish Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA
April 15, 2014

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The basic financial statements of the St. Tammany Parish Development District (the District) include government-wide and governmental fund statements. The government-wide Statements of Net Position and Statements of Activities present information for all the activities of the District's office, from an economic resources measurement focus using the accrual basis of accounting. Primarily, for our office, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful lives versus expensed in the Governmental fund statements. The Balance Sheets - Governmental Fund detail the assets and liabilities of the governmental fund while the Reconciliation of the Governmental Fund Balance Sheets to the Statements of Net Position reflect the differences from the amounts reported in the Statements of Net Position. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund reflect the current year receipt and disbursement of funds and the Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statements of Activities report the differences in the change in fund balance to the change in net position of the governmental activities. The differences between the adopted budget and the actual activities are reflected in the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.

The District is a subdivision of the State of Louisiana within the Parish of St. Tammany. The accompanying financial statements only present information in the funds maintained by the District.

STATEMENTS OF NET POSITION AND STATEMENTS OF ACTIVITIES

The Statements of Net Position and Statements of Activities report information about the funds maintained by the District as a whole and about its activities in a way which helps answer one of the most important questions asked about the District's finances: "Is the District, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in it. This net position, the difference between the assets, deferred outflows, liabilities, and deferred inflows, is one way to measure the District's financial health and, over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

The funds maintained by the District are recorded as governmental activities in the Statements of Net Position and Statements of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of insurance, accounting fees, and support payments to the St. Tammany Economic Development Foundation (EDF), which is the management arm for the District. A percentage of the state hotel and motel sales tax collections finance the operating activities of the District.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2013 and 2012 by \$1,741,093 and \$2,024,667, respectively, (net position), which represents a 17% decrease and 5% decrease, respectively, over the previous years. The District had no deferred outflows or deferred inflows as of December 31, 2013 or 2012.

Cash was \$297,635 at December 31, 2013, compared to \$235,347 at December 31, 2012. This is an increase of \$62,288, or 26%.

The District's revenue increased by \$54,500 or 7.0% for the year ended December 31, 2013. Revenue increased 18% for the year ended December 31, 2012. The increase in 2013 was primarily due to an increase in state act funds. The increase in 2012 was primarily due to bond closing fees and an increase in state act funds.

Capital assets decreased \$339,675 and \$339,675, respectively, as of December 31, 2013 and 2012. There were no new capital outlay projects in 2013 or 2012. The decrease as of December 31, 2013 and 2012, was due to the depreciation of capital assets.

The District's expenditures for the year ended December 31, 2013, excluding depreciation expense, increased \$236,666, or 43%, and increased \$77,922, or 17%, for the year ended December 31, 2012.

At the close of fiscal year 2013, the District's general fund had an excess balance of \$599,875. The District's general fund had an excess balance of \$543,774 at the close of fiscal year 2012.

As a result of subtracting total expenditures from total revenue, the District's net position decreased by \$283,574 and \$101,408, respectively, for the fiscal years ended December 31, 2013 and 2012.

Revenue to the District consisted principally of state hotel and motel sales tax collections and pass through funds for various projects the District was involved in. Expenditures for the District consisted primarily of management fees paid to the EDF, which is the management arm for the District, disbursements to the St. Tammany Parish Government, and depreciation expense.

CAPITAL ASSETS

Capital assets currently held by the District will revert to a private company at the time the company pays off a taxable revenue bond issued by the District. The capital assets consist of land, land improvements, and equipment paid for with State grants received by the District. The term of the revenue bond which includes capital assets is twenty years. The land improvements and equipment are being depreciated over a period of ten years. No depreciation is taken on the land. Net capital assets at year ended December 31, 2013 and 2012, were \$1,141,218 and \$1,480,893, respectively.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal years ended December 31, 2013 and 2012, there were no significant unfavorable variances in the budget. An amended budget was adopted at the District's December 12, 2013 meeting.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District considered many factors when setting the operating budget for its General Fund for the year ending December 31, 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens and taxpayers with a general overview of the funds maintained by the St. Tammany Parish Development District and to show the accountability for the money it receives. If you have any questions or need additional information, contact the District's office at 21489 Koop Drive, Suite 7, Mandeville, LA 70471.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Statements of Net Position
December 31, 2013 and 2012

	Governmental Activities	
	2013	2012
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 297,635	\$ 235,347
Investments	285,765	180,164
Prepaid Insurance	7,724	-
Intergovernmental Receivable	191,807	227,800
Total Current Assets	782,931	643,311
Capital Assets		
Land	400,000	400,000
Capital Improvements	3,396,753	3,396,753
	3,796,753	3,796,753
Less: Accumulated Depreciation	(2,655,535)	(2,315,860)
Capital Assets, Net	1,141,218	1,480,893
Total Assets	1,924,149	2,124,204
Liabilities		
Accounts Payable	84,600	99,537
Unearned Revenue	93,743	-
Due to St. Tammany Economic Development Foundation	4,713	-
Total Liabilities	183,056	99,537
Net Position		
Net Investment in Capital Assets	1,141,218	1,480,893
Unrestricted	599,875	543,774
Total Net Position	\$ 1,741,093	\$ 2,024,667

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Statements of Activities
For the Years Ended December 31, 2013 and 2012

	Governmental Activities	
	2013	2012
Expenses		
Economic Development Support	\$ 501,350	\$ 331,250
Depreciation	339,675	339,675
Service Fees	265,000	190,000
Legal and Professional	9,963	5,345
Other	6,976	20,028
Total Expenses	1,122,964	886,298
Program Revenues		
Service Fee Revenue	265,000	190,000
Lease Income and Administrative Fees	150,413	137,500
Bond Closing Fee	48,695	90,066
Other Income	151	12,257
Bond Application Revenue	-	3,000
Total Program Revenues	464,259	432,823
Net Expense	(658,705)	(453,475)
General Revenues		
Hotel/Motel Tax Revenue, Net	375,131	352,067
Change in Net Position	(283,574)	(101,408)
Net Position, Beginning of Year	2,024,667	2,126,075
Net Position, End of Year	\$ 1,741,093	\$ 2,024,667

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND**

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Balance Sheets
Governmental Fund
December 31, 2013 and 2012

	General Fund	
	2013	2012
Assets		
Cash and Cash Equivalents	\$ 297,635	\$ 235,347
Investments	285,765	180,164
Prepaid Insurance	7,724	-
Intergovernmental Receivable	191,807	227,800
Total Assets	\$ 782,931	\$ 643,311
Liabilities		
Accounts Payable	\$ 84,600	\$ 99,537
Unearned Revenue	93,743	-
Due to St. Tammany Economic Development Foundation	4,713	-
Total Liabilities	183,056	99,537
Fund Balance		
Nonspendable	7,724	-
Unassigned	592,151	543,774
Total Fund Balance	599,875	543,774
Total Liabilities and Fund Balance	\$ 782,931	\$ 643,311
Reconciliation of the Governmental Fund Balance Sheets to the Statements of Net Position		
Total Fund Balance	\$ 592,151	\$ 543,774
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,141,218	1,480,893
Net Position of Governmental Activities	\$ 1,733,369	\$ 2,024,667

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Statements of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Years Ended December 31, 2013 and 2012

	General Fund	
	2013	2012
Revenues		
Hotel/Motel Tax Revenue, Net	\$ 375,131	\$ 352,067
Service Fee Revenue	265,000	190,000
Lease Income and Administrative Fees	150,413	137,500
Bond Closing Fee	48,695	90,066
Other Income	151	12,257
Bond Application Revenue	-	3,000
Total Revenues	839,390	784,890
Expenditures		
Economic Development Support	501,350	331,250
Service Fees	265,000	190,000
Legal and Professional	9,963	5,345
Other	6,976	20,028
Total Expenditures	783,289	546,623
Net Change in Fund Balance	56,101	238,267
Fund Balance, Beginning of Year	543,774	305,507
Fund Balance, End of Year	\$ 599,875	\$ 543,774

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund to the
Statements of Activities
For the Years Ended December 31, 2013 and 2012

	2013	2012
Net Change in Fund Balance - Total Governmental Fund	\$ 56,101	\$ 238,267
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statements of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(339,675)	(339,675)
Change in Net Position of Governmental Activities	\$ (283,574)	\$ (101,408)

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

The St. Tammany Parish Development District (the District), was established for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy, and utilizing and developing the natural and human resources of St. Tammany Parish. The District was created by the State of Louisiana Revised Statutes 33.130.401 to 33.130.409. It was reestablished as a separate political body under the provisions of Article VI, Section 44 of the Constitution of Louisiana. The District is governed by a Board of Commissioners (the Board), consisting of thirteen voting members, appointed by the St. Tammany Parish President, the St. Tammany Parish Council, and the St. Tammany Economic Development Foundation.

The Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government that is financially accountable to another government or one for which another government can exert influence over its budget and operations. As St. Tammany Parish appoints a majority of the District's Commissioners, the District is considered to be a component unit of St. Tammany Parish. The District does not have any component units.

Basic Financial Statements - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Basic Financial Statements - Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Fund Financial Statements (Continued)

Funds are ordered into three major categories, governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The General Fund, the main operating fund of the District, is used to account for all financial resources.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Receivables

All receivables are shown net of an allowance for uncollectibles. Intergovernmental receivables represent amounts due from the State for hotel/motel tax revenue. The District believed that all receivables were collectible at December 31, 2013.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land and capital improvements, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they are purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets included on the statements of net position represent assets currently held by the District that will revert to a private company at the time the company pays off the taxable revenue bond issued by the District (See Note 8 - Conduit Debt Obligations). The capital assets consist of land, land improvements, and equipment paid for with State grants received by the District. These capital assets are not usable by the District, and are only included on the accompanying statements of net position to reflect the use of the State grant money.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Fund Balance

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components, as follows:

- *Nonspendable* - consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
- *Restricted* - consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

- *Committed* - consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District's Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts
- *Assigned* - consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed
- *Unassigned* - consists of amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned).

Net Position

State and local governments enter into transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a statement of net position in a separate section following assets, and deferred inflows of resources should be reported in a separate section following liabilities.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components: *net investment in capital assets*, consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted*, distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted*, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Impact of Recently Issued Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of the statement are effective for periods beginning after December 15, 2012. The adoption of the provisions of the statement in 2013 had no impact on the District's financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 2. Stewardship, Compliance, and Accountability

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget. Budgeted amounts for the General Fund included in the accompanying statements are as amended by the District for the years 2013 and 2012, as of December 12, 2013 and December 13, 2012, respectively.

Note 3. Cash and Cash Equivalents

At December 31, 2013 and 2012, the District had cash and cash equivalents (book balances) totaling \$297,635 and \$235,347, respectively, which were demand deposits at a local financial institution. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2013 and 2012, the District had \$297,635 and \$259,348, respectively, in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$47,635 and \$9,348, of pledged securities held by the custodial bank as of December 31, 2013 and 2012, respectively.

Note 4. Receivables

A receivable of \$191,807 and \$227,800, was recorded at December 31, 2013 and 2012, respectively, for hotel/motel tax revenue receivable from the State of Louisiana.

Note 5. State Act Income and Unearned Income

For the year ended December 31, 2013, the District received hotel/motel taxes which were appropriated by the State. These revenues are recorded net of payments to St. Tammany Parish under the cooperative endeavor agreement as follows:

Hotel/Motel Tax Revenue	\$ 641,250
Less St. Tammany Parish cooperative endeavor agreement	<u>(266,119)</u>
Total	<u>\$ 375,131</u>

ST. TAMMANY PARISH DEVELOPMENT DISTRICT**Notes to Financial Statements**

Note 5. State Act Income and Unearned Income (Continued)

Unearned income represents the excess monies received from the State for the District's prorated portion of the hotel/motel tax appropriated by the State as of December 31, 2013. The total amount appropriated for the State's June 30, 2014 fiscal year end is \$641,250, of which one half, or \$308,630, was recognized as revenue by the District for their year ended December 31, 2013. The District's actual collections at that date totaled \$468,874, leaving an unearned balance of \$160,244 on the accompanying financial statements. These hotel/motel tax monies are reported net of the St. Tammany Parish's portion, which is collected and remitted by the District. Unearned income at December 31, 2013 was as follows:

Unearned Revenue	\$ 160,244
Less St. Tammany Parish cooperative endeavor agreement	<u>(66,501)</u>
Total	<u>\$ 93,743</u>

Note 6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2013, for the District were as follows:

	January 1, 2013	Increases	Decreases	December 31, 2013
Capital Assets Not Being Depreciated				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Total Capital Assets Not Being Depreciated	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Capital Assets Being Depreciated				
Capital Improvements	3,396,753			3,396,753
Total Capital Assets Being Depreciated	<u>3,396,753</u>	<u>-</u>	<u>-</u>	<u>3,396,753</u>
Less Accumulated Depreciation for:				
Capital Improvements	(2,315,860)	(339,675)		(2,655,535)
Total Accumulated Depreciation	<u>(2,315,860)</u>	<u>(339,675)</u>	<u>-</u>	<u>(2,655,535)</u>
Total Capital Assets Being Depreciated - Net	<u>1,080,893</u>	<u>(339,675)</u>	<u>-</u>	<u>741,218</u>
Capital Assets - Net	<u>\$ 1,480,893</u>	<u>\$ (339,675)</u>	<u>\$ -</u>	<u>\$ 1,141,218</u>

ST. TAMMANY PARISH DEVELOPMENT DISTRICT**Notes to Financial Statements**

Note 6. Capital Assets (Continued)

Capital assets and depreciation activity as of and for the year ended December 31, 2012, for the District were as follows:

	January 1, 2012	Increases	Decreases	December 31, 2012
Capital Assets Not Being Depreciated				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Total Capital Assets Not Being Depreciated	400,000	-	-	400,000
Capital Assets Being Depreciated				
Capital Improvements	3,396,753			3,396,753
Total Capital Assets Being Depreciated	3,396,753	-	-	3,396,753
Less Accumulated Depreciation for:				
Capital Improvements	(1,976,185)	(339,675)		(2,315,860)
Total Accumulated Depreciation	(1,976,185)	(339,675)	-	(2,315,860)
Total Capital Assets Being Depreciated - Net	1,420,568	(339,675)	-	1,080,893
Capital Assets - Net	\$ 1,820,568	\$ (339,675)	\$ -	\$ 1,480,893

Note 7. Related Party Transactions

The District utilizes the offices and services of the St. Tammany Economic Development Foundation (EDF). EDF is a non-profit organization established for the purpose of promoting and encouraging economic development within St. Tammany Parish. Many of the District's board members are also active members of EDF. During the years ended December 31, 2013 and 2012, the District made payments to EDF of \$501,350 and \$331,250, respectively. At December 31, 2013 there was an amount due to EDF for economic development support in the amount of \$4,713.

Note 8. Conduit Debt Obligations

During the years ended December 31, 2013 and 2012, the District issued taxable revenue bonds to provide funding for the construction of facilities for private companies. The bonds are secured by the property and facilities of the private companies. Neither the District nor the State of Louisiana is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 8. Conduit Debt Obligations (Continued)

As of December 31, 2013 and 2012, the following conduit debt obligations were outstanding:

Series	Issued	Mature	Balance at December 31, 2013	Balance at December 31, 2012
2002	04/2002	07/2022	\$ 4,460,000	\$ 5,260,000
2003	06/2003	08/2023	25,000,000	25,000,000
2006A	12/2006	12/2036	5,150,000	5,235,000
2008	03/2008	03/2033	6,980,000	7,205,000
2008	04/2008	04/2034	3,390,000	3,460,000
2008	04/2008	07/2038	45,000,000	45,000,000
2009A-B	04/2009	04/2029	17,687,969	18,734,375
2011	09/2011	09/2041	72,138,163	75,000,000

The District has entered into an agreement with a private company to issue taxable revenue bonds of up to \$85,074,000. At December 31, 2013, no bonds have been issued on this agreement.

Note 9. Leases

Pursuant to the taxable revenue bonds described in Note 8, the District has entered into lease agreements with private companies.

An agreement with a private company, dated April 1, 2002, expires on July 1, 2022, or at such time when all bonds are retired, unless terminated earlier. The monthly lease payment is \$1,000. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds, the cost of the District's fees, and \$1,000.

An agreement with a private company, dated June 1, 2003, expires on August 1, 2023, or at such time when all bonds are retired. The lease required an initial payment of \$15,000 at commencement of the lease and \$2,500 in each of the following years. Also, the lease requires a payment of between \$55,000 and \$75,000 as long as the company is exempt from ad valorem taxes. The District is required to pay 80% of this payment to St. Tammany Parish Fire Protection District No 3 and 20% to St. Tammany Parish Recreation District No 4. The company has the option to purchase the property for the sum of the amount needed to retire the remaining bonds, the District's costs and fees, the amount of above payments accrued to date, and \$1,000. The land was purchased by the company and donated to the District. As the District considers the value of the land to be insignificant, the land has not been recorded as an asset of the District.

ST. TAMMANY PARISH DEVELOPMENT DISTRICT

Notes to Financial Statements

Note 9. Leases (Continued)

An agreement with a private company, dated April 1, 2008, expires on February 1, 2024, or at such time when all bonds are retired. The lease required an initial payment of \$22,500 at commencement of the lease and an annual fee of \$2,500 due February 1st of each year, commencing on February 1, 2009. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax. The company also agrees to make a payment on the date of closing and on February 1st of each year thereafter in the amount of \$50,000 per year to the Issuer which the Issuer intends to pay to the local fire protection district to defray the costs of fire protection.

An agreement with a private company, dated April 30, 2009, expires on April 30, 2029, or at such time when all bonds are retired. The lease required an initial payment of 1/20th of the initial principal amount of the bonds, less a credit for the \$500 application fee heretofore paid, at commencement of the lease, and an annual fee of \$23,000 due on February 1st of each year, commencing on February 1, 2010. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax. The Company also agrees to make a payment on December 31st of each year, commencing on December 31, 2009, in the amount of \$50,000 per year to the Issuer which the Issuer intends to distribute to such taxing bodies as may be determined by the Issuer in its sole discretion.

An agreement with a private company, dated September 1, 2011, expires on September 1, 2041, or at such time when all bonds are retired. The lease required an initial payment of 1/20th of the initial principal amount of the bonds, less a credit for the \$500 application fee heretofore paid, at commencement of the lease, and an annual fee of \$25,000, or 1/10th of 1% of the original principal amount of the bonds, due on February 1st of each year, commencing on February 1, 2012. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax. The company also agrees to make a payment on December 31st of each year, commencing on February 1, 2013, in the amount of \$75,000 per year to the Issuer which the Issuer intends to distribute to such taxing bodies as may be determined by the Issuer in its sole discretion.

An agreement with a private company, dated December 1, 2012, expires on December 31, 2021, or at such time when all bonds are retired. The lease required an initial payment of 1/20th of the initial principal amount of the bonds at commencement of the lease and an annual fee of \$75,000 due on November 1st of each year, commencing on November 1, 2013. The company will also pay, as additional rent, the reasonable fees and expenses of the Trustee under the Indenture. Also, so long as this Agreement remains in effect and the Project is owned by the Issuer, the Project shall be exempt from ad valorem tax.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Schedules of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual - General Fund
For the Years Ended December 31, 2013 and 2012

	2013				2012			
	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final			Original	Final		
Revenues								
Hotel/Motel Tax Revenue	\$ 375,000	\$ 375,131	\$ 375,131	\$ -	\$ 205,000	\$ 317,001	\$ 352,067	\$ 35,066
Service Fee Revenue	265,000	265,000	265,000	-	175,000	190,000	190,000	-
Lease Income and Administrative Fees	140,000	150,413	150,413	-	140,000	140,000	137,500	(2,500)
Bond Closing Fee	-	48,695	48,695	-	-	90,066	90,066	-
Other Income	11,840	151	151	-	-	12,257	12,257	-
Bond Application Revenue	-	-	-	-	-	3,000	3,000	-
Total Revenues	791,840	839,390	839,390	-	520,000	752,324	784,890	32,566
Expenditures								
Economic Development Support	501,350	501,350	501,350	-	331,250	331,250	331,250	-
Service Fees	265,000	265,000	265,000	-	175,000	190,000	190,000	-
Legal and Professional	19,540	9,963	9,963	-	7,900	20,028	20,028	-
Other	5,950	6,976	6,976	-	5,850	5,345	5,345	-
Total Expenditures	791,840	783,289	783,289	-	520,000	546,623	546,623	-
Net Change in Fund Balance	\$ -	\$ 58,101	58,101	\$ -	\$ -	\$ 205,701	238,267	\$ 32,566
Fund Balance, Beginning of Year			543,774				305,507	
Fund Balance, End of Year			\$ 599,875				\$ 543,774	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH DEVELOPMENT DISTRICT
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2013

Board Member	Compensation
Chadwick Collings , Chair 827 W. 22nd Avenue, Covington, LA 70433	\$ -0-
Peter Link, Vice-Chair 909 Poydras Street, Suite 3200, New Orleans, LA 70112	-0-
Bill Davis, Treasurer 1001 Gause Boulevard, Slidell, LA 70458	-0-
Keith Baker 2307 Gause Boulevard East, Slidell, LA 70461	-0-
Pat Brister P.O. Box 628, Covington, LA 70433	-0-
John J. Zollinger, IV 2111 N. Causeway Boulevard, Mandeville, LA 70471	-0-
Martin Bruno 109 Woodruff Drive, Slidell, LA 70461	-0-
Randy Lawshe 3403 Highway 190, Mandeville, LA 70471	-0-
Peter Egan 116 W. 21st Avenue, Covington, LA 70433	-0-
Nixon Adams 250 Dona Drive, Mandeville, LA 70448	-0-
Luther Traylor 1724 Sullivan Drive, Slidell, LA 70460	-0-
Michael Tusa 4080 Lonesome Road, Suite A, Mandeville, LA 70448	-0-
Brenda Bertus, Executive Director 21489 Koop Drive, Suite 7, Mandeville, LA 70471	-0-

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Development District
Mandeville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Tammany Parish Development District (the District), a component unit of the St. Tammany Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Development District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Tammany Parish Development District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
April 15, 2014